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No. 0566
November 1970

Update of Burma Handbook

Please replace the July 1970 sections II, III, IV and V of the Burma Handbook with the attached.

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II. ECONOMIC BACKGROUND

Growth rates and trends

Despite a marked potential for economic growth, mainly because of its agricultural and mineral resources, Burma's economy continues to languish as a result of the rapid nationalization of the economy under Ne Win's Burmese Way to Socialism, the lack of administrators, managers, technicians and skilled personnel, and the absence of economic incentives. Rice production is Burma's most important economic activity, and during the mid-1960s farmers responded to the government's low procurement prices by hoarding, selling their crops on the black market, or restricting production. In 1968 and 1969, however, bumper rice crops were produced, largely by favorable weather, and the farmers unloaded their excess stocks. Mainly because of this increase in agricultural production, gross domestic product (GDP) grew by 10-15% in these years. Even so, in 1969 GDP was probably some 5-10% lower than in 1963. Despite the government's more optimistic claims, living standards are probably lower than at any time since World War II and unquestionably lower than they were during the 1930s. Between 1963 and 1969 per capita income in real terms declined about 20%, and now amounts to about \$60, among the lowest in Asia. Agriculture is the predominant sector and manufacturing has been actually declining in relative importance, from 15% to 9% of GDP from 1963 to 1969.

Income distribution

Statistics on income distribution are virtually nonexistent. The government's nationalization policies under the Burmese Way to Socialism and "Burmanization" of the economy, however, have greatly reduced the extreme differences between rich and poor that existed earlier. Although living levels have declined under the Ne Win regime, the laissez-faire economic policies of the earlier colonial administration, characterized by oppressive peasant indebtedness, exorbitant rental fees by the Chettyars, and absentee land ownership, have been broken up. The peasants have become land-owners, and limited credits to the farmers are provided by the government.

Both urban workers and the peasantry live at bare subsistence levels and there are few, if any, real prospects of improved living standards for the immediate future. Unrealistically low prices paid by the government for agricultural goods, particularly rice, have kept farm income at a minimum.

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The great majority of the population derives its livelihood from agriculture and related activities such as animal husbandry, forestry, fishing, cottage and handicraft industries, and rural trade and services. An estimated 65% of the labor force is employed in agriculture, with over half of this number in rice production. Agriculture and related activities have accounted for some 60% of the GDP for the past several years. The Ne Win regime has emphasized the expansion of agricultural output, particularly rice, but the results have not been encouraging. The government has been the sole legal purchaser of paddy for commercial purposes since October 1963; it also owns and operates most of the rice mills. Despite legal prohibitions, a great deal of rice and other agricultural products is moved through Burma's vast black market, an institution that has become necessary for the distribution of goods in the country.

Industrial activity, including mining, power, and manufacturing, engages about 10% of the total labor force and produces an estimated 30% of the GDP. Manufacturing alone accounted for 16% of the GDP in 1963, but it declined to about 9% by 1965 and has since remained at that level. Manufacturing output has dropped with the rapid nationalization of much of the industrial sector after the Ne Win regime came to power—an estimated two thirds of the industrial structure had been nationalized by 1967. Strict government controls over the few remaining private firms, and the lack of qualified administrators, managers and technical personnel, have contributed significantly to industrial stagnation. Since 1965 frequent shortages of raw materials have resulted from the inept government distribution system and the lack of foreign exchange to import needed equipment. Burma must rely primarily upon foreign aid and technical assistance in the construction of large manufacturing facilities, although the government has limited such assistance because of its fear of compromising its policy of nonalignment in foreign affairs. Food industries, predominantly rice mills, account for about 35% of the number of industrial establishments. Chemical, soap, and vegetable oil production rank next in importance, followed by textiles, tobacco, footwear and apparel, and wood and bamboo products.

Burma is a food-surplus country, although only about one-tenth of the total land area is under cultivation. Production could be increased by bringing more acreage under cultivation and by the use of improved agricultural inputs and techniques.

Agricultural employment, in Burma, like Southeast Asia generally, is characterized by seasonal slack periods; during the height of the rice-milling

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season, Burma's rice mills employ over five times the number of permanent mill employees. Most of the rural labor force is found in the fertile rice-growing areas of the Irrawaddy basin and delta, with significant concentrations in the Mandalay, Magwe, and Sagaing divisions of upper Burma. Approximately two thirds of the surface of Burma drains into the Irrawaddy, and the deltas of the Irrawaddy and Sittang rivers constitute the major part of the agricultural area. Rice accounts for some 40% of agriculture's contribution to GDP. Other crops are relatively minor, with the only other crop contribution over 5% being ground nuts, which contributes about 15%.

Transportation and communication system

The transportation and communication networks of Burma center in the Irrawaddy River valley, the best developed and most densely populated part of the country. The key point of both systems is Rangoon, the only major port, the hub of rail operations, the site of the principal international airfield, and the nerve center of domestic and international telecommunications. Burma's transportation and communication patterns are generally laid out in a north-south direction following the natural alignment of rivers and mountain ranges. Very few developed lines of communication exist outside of the Irrawaddy valley, and east-west surface movement is hindered by mountain barriers. Communication with outlying areas is slow and uncertain. Facilities have not been appreciably expanded in recent years.

Railroad and inland waterways are the most important means of communication. Railroads connect the major trade and population centers and provide the primary means of long-distance freight and passenger transport in the areas which they serve. Inland waterways also provide access to the major centers of trade and population. Highways are important as feeders to the railroads in long-distance transport. The volume of air traffic is modest. The government owns and operates the railroads, the merchant marine, civil air, and telecommunications facilities, and is the largest single owner and operator of highway transport vehicles and inland waterway craft.

The rail system, which is the nation's foremost freight carrier and is second only to government-owned highway transport as a passenger carrier, is oriented on a generally north-south axis, with the main trunk line running through the center of the country from Rangoon to Mandalay and a number of branch lines extending to commercial and industrial centers. There were 2,026 miles of track in the network in 1969. All was single track, except 195 miles of double track, which is almost entirely in the Rangoon area and between Rangoon and Toungoo. No lines are electrified, and there are no international rail connections.

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The Burma highway network totals 15,540 miles, of which 4,210 miles are bituminous or bituminous-surface treatment; 5,130 miles are surfaced with gravel, laterite, or crushed stone; 5,450 miles are improved earth; and 750 miles are unimproved earth road (about 600 miles are suitable only for cart traffic). The network is sparse and unevenly distributed, but the basic highway pattern consists of two trunk roads linking Rangoon and Mandalay. These roads connect with the eastern region by the longest east-west road in Burma, which, at Keng Tung, turns southeast and runs to the Thai border. There are also primary highway connections with India and Communist China and minor ones with Laos and Pakistan. The government's policy is to improve the roads only to the standard necessary to meet internal requirements. Movement on the highways is seriously impeded by unsuitable terrain, physical bottlenecks, such as narrow roadways and stream crossings, adverse climatic conditions, and insurgent activities.

Burma has over 8,000 miles of navigable waterways, about 2,000 of which are navigable by large commercial vessels. The principal waterways are the Irrawaddy complex (Twante Canal, China Bakir, and Irrawaddy), and the Moulmein, Rangoon, Chindwin, Bassein, and Kaladan rivers. The most important is the Moulmein. There are no important connections with waterways of neighboring countries. The largest single operator of river craft is the Inland Water Transport Board of the Ministry of Transport and Communications, about 90% of whose fleet is diesel-powered. The inland waterway fleet, which consists of about 2,500 registered craft and an estimated 8,000 nonregistered craft, is the single most important passenger carrier in the country.

The merchant marine is small but modern. In late 1968, it consisted of 6 ships of 1,000 GRT and over. Of these, 5 are diesel-powered dry cargo ships totaling 37,074 GRT. The sixth is an oil-fired boiler combination passenger-cargo ship of 2,217 GRT, which operates in the coastal trade and is supplemented by several vessels under 1,000 GRT, as well as by local small craft. The overseas merchant marine consists of the 5 dry cargo ships. With these and its chartered vessels (about 30 short-term charters in 1966), the Union of Burma Five Star Line maintains service between Burma and Europe, the United Kingdom, West Africa, the Philippines, Japan, Hong Kong, Malaysia, Ceylon, India, Pakistan, and the Persian Gulf. In addition to the one principal port of Rangoon, Burma has 3 secondary and 6 minor ports, most of them situated on or near the mouths of navigable rivers. These ports are adequate for meeting their normal shipping and receiving requirements.

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The government-owned Union of Burma Airways (UBA) operates scheduled international services to four cities in nearby countries: Bangkok, Calcutta, Chittagong, and Phnom Penh. Domestically UBA links Rangoon to 30 cities, and performs numerous charter flights. The government has entered into formal or informal civil air agreements or arrangements with 17 countries permitting the exchange of scheduled air services. Under terms of some of these agreements, 8 foreign air carriers serve Burma on scheduled international flights, including the national airlines of Communist China, Czechoslovakia, and the Soviet Union. Mingaladon airfield, just north of Rangoon, is the major airport of entry and the most modern airport in Burma. Burma has a total of some 84 usable airfields, but support facilities throughout the airfield system are generally poor and inadequate.

Civil aviation is emphasized over other transportation modes. The government has lowered passenger and cargo fares to encourage air travel, and airfield improvement is promoted. Domestic services are fairly adequate, but modern aircraft are needed.

Burma's communication facilities are among the least developed in Asia and are hardly adequate to meet public, economic, and government needs. The government-owned and operated telecommunications networks are oriented on a north-south axis with heaviest concentration in the Irrawaddy valley. Principal towns and many rural areas have telephone and telegraph services, but 90% of the telephones are in Rangoon, Mandalay, and Moulmein. International telecommunications facilities are fairly good. Radio broadcast facilities are located in the Rangoon area. In mid-1968 an estimated 400,000 licensed radio receivers were in use in Burma. There are no television facilities.

Government economic policy and financial system

The government's Burmese Way to Socialism serves as the official guide in directing the economy. Since Ne Win's rise to power, socialization has been accelerated, and there has been a rapid extension of the public sector; the transportation, communications, and power industries had been nationalized earlier. Ne Win took over the nation's financial institutions, the tobacco industry, much of the domestic and all foreign trade, and joint-venture corporations with foreigners. The new wave of nationalism begun in late 1968 has continued, extending government control to hundreds of industrial plants, all foreign shipping agencies, all but one daily newspaper, and to most of the mining and retailing of precious stones and jade. Although agriculture has not been nationalized, the government has a monopoly of the legal marketing and processing of agricultural goods.

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The first step toward the complete centralization of banking began with the nationalization of the private banking system. In early 1963 all 24 private banks—14 foreign and 10 domestic, with more than 30 offices throughout Burma—were nationalized. Over the next few years, these institutions were reorganized and reduced to 13 People's Banks—9 of them in Rangoon. A number of state banks in existence prior to nationalization of the private banking sector have continued to operate alongside the government-owned People's Banks. The state banks include the Union Bank of Burma, which is the central bank; the State Commercial Bank, which was given exclusive responsibility for foreign trade in 1965 and became the only authorized dealer in foreign exchange in 1966; the State Agricultural Bank; and a few other specialized institutions. In August 1968 Burma also established a banking and insurance monopoly—the Union of Burma's People's Bank—in order to centralize the banking and insurance sectors under one corporation. The monetary unit is the kyat, valued officially at U.S. \$0.21 (4.76 kyats—US\$1.00).

Foreign trade

Burma, with foreign trade nationalized, has been a trade-deficit country under the Ne Win regime. From 1964 to 1969 exports declined by 60%, largely because rice exports fell. In the pre - Ne Win era, Burma was the world's largest rice exporter, and in 1963 exported 1.7 million metric tons of the product. By 1968 rice exports had fallen to 330,000 tons, as rice declined in importance from almost 70% of total exports to about 50%. Although rice exports in 1969 increased to 575,000 tons, rice prices declined further. With the weakening world demand for rice, the downward trend in export earnings will probably continue. Other exports consist of metals, ores, and agricultural products, with teak and teak products second in importance to rice. As export earnings declined, imports were also reduced sharply. All categories of imports, except machinery and transportation equipment, were affected. From their peak level in 1965, imports were reduced by about 50% in two years, but since 1967 imports have increased slowly.

Over half of Burma's exports are to the rice-consuming countries of Asia. Exports to Western Europe, consisting largely of hardwoods, ores and concentrates, now account for about 30% of the total. Exports to the USSR and the US are minor, and trade with Communist China was terminated in 1967. Trade with the UK has declined in importance as Japan has become Burma's principal supplier. About 20% of Burma's imports are from Japan; the United States, the USSR, and Eastern Europe each provides about 10%; Western Europe, including the UK, accounts for about 35%. Remaining imports come largely from India, other sterling countries, and the rest of Asia.

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Balance of payments

Since the Burmese Revolutionary Government came to power, economic mismanagement has produced a steadily worsening balance-of-payments situation. Export earnings declined by about 60% during 1964-69, and are expected to fall again in 1970. Because the Ne Win regime has reduced the inflow of official foreign aid and has forbidden foreign private investment, it was forced to cut imports drastically. Even so, foreign-exchange reserves were drawn down from about \$225 million in 1964 to \$155 million in 1967. In 1968 and 1969 the government sought to boost imports by resorting to short-term bankers credits and IMF drawings. With the sharp drop in rice exports during the past few years, Burma is now hard pressed to meet its payments obligations. Repayments on international debts are forecast at \$83 million for 1970, \$66 million on short-term bankers credits and \$17 million on official long-term debt. Since October 1969, Rangoon has depleted its reserves by 35%, reducing them to about \$100 million. In order fully to meet scheduled repayments for 1970, the government may be required to reduce its foreign exchange reserves even further.

Foreign aid

Under the Ne Win regime, Burma's receipt of foreign aid has been sharply curtailed. In the last two years, however, the country has been utilizing aid on a somewhat larger scale. Long-term loans and grants utilized by the government averaged under \$20 million annually from 1963 to 1967, but since then have increased each year and probably will reach \$50 million in 1970. Rangoon appears to be modifying in some degree its hostile attitude with respect to both government-to-government aid and controlled private investment. Burma has about \$200 million in unutilized aid in the pipeline, having received over \$750 million in total aid since World War II but drawing only about \$550 million. About a third, or \$62 million, represents aid from Communist China, which has been unused since the two countries virtually severed economic relations in 1967. Another \$60-\$70 million is accounted for by a long-term agreement with Japan that will not expire until 1975.

About half of Burma's postwar aid has come from Japan. From 1956 to 1965 Japanese assistance came in the form of a \$200 million war reparations grant. When this program ended, Japan gave Burma a \$140-million project aid grant, about half of which has been used. In 1968, a \$30-million

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long-term loan was also agreed upon. The US has not made any economic aid commitments since its \$60-million project aid agreement in 1959, although some \$50 million in PL 480 commodities has been provided. Less than \$5 million of the funds provided in the 1959 agreement remains unused.

Since the mid-1950s economic assistance has also come from several other countries and from international institutions—an \$84-million interest-free credit from Communist China, of which \$22 million was drawn, some \$13.7 million from the Soviet Union, a \$14-million loan from East Germany in 1966, a \$42-million loan from India, three IBRD loans amounting to \$33.3 million, and various assistance from UN agencies and the Colombo Plan countries.

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III. POLITICAL SITUATION AND TRENDS

Historical summary

Burma achieved independence in 1948. Earlier it had been a colonial possession of the United Kingdom, and it was occupied by the Japanese during much of World War II. The present Government of the Union of Burma (GUB), a highly centralized military regime, came to power in a nearly bloodless coup d'état on 2 March 1962 after some 14 years of parliamentary rule. Governmental authority is concentrated in the Revolutionary Council, which has all executive, legislative, and judicial powers. Ultimate authority, however, is held firmly by General Ne Win, who serves as chairman of the Revolutionary Council, chairman of the Council of Ministers, and minister of defense. Although the 1948 constitution was never formally suspended or abrogated, the regime has ignored it, and the Revolutionary Council has ruled by decree.

A number of factors contributed to the failure of parliamentary government and brought on the coup by Ne Win. Endemic factionalism and the lack of sound political organization in the major parties, mutual suspicion and distrust between political leaders and administrators, and chronic insurgency by Communists and ethnic minorities discredited the political leadership, led to governmental inefficiency, and impeded the implementation of economic and social development programs. Ne Win was prompted to act in 1962 by the mediocrity of the civilian politicians and the willingness of the U Nu government to make major concessions to the ethnic minorities who were demanding greater autonomy. Ne Win concluded that parliamentary democracy was unsuited to Burma, that the incompetent civilian administration must be replaced, and that thorough and radical reform was imperative if the nation were to survive.

The national and foreign-policy objectives of the government are similar to those of its predecessors, although the Ne Win regime's tactical approach to the realization of its goals is different. All Burmese governments since 1948 have endorsed the pursuit of a socialist economy, but Ne Win has accelerated the pace. Under the Burmese Way to Socialism, the regime's goal is nationalization of the economy and the elimination of free enterprise. Moreover, the economic influence traditionally exerted by foreign elements, mainly Indian and Chinese, has been drastically reduced as a result of "Burmanization" of the economy and the forced exodus of a great number of foreign nationals. The regime has also reaffirmed "the policy of positive

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neutrality" and has more actively pursued a policy of isolation and noninvolvement in foreign affairs. This has led to a reduction of external economic, political, and cultural contacts. Like its predecessors, the government has attempted to promote a sense of nationhood among the country's disparate peoples, while trying to cope with widespread Communist and ethnic dissidence. To gain public support and to control all political activity, the government created the monolithic Burma Socialist Program Party and harassed and finally banned all opposition political parties.

Although it has been able to maintain a fair degree of political stability, the regime's performance has been disappointing and both real and potential sources of disaffection remain. Economic stagnation has been a constant feature of Ne Win's tenure. National unity has not been achieved to any marked degree, and insurgency continues unabated. Some senior army officers are resentful of their forced preoccupation with political and economic responsibilities; other officers decry the lack of opportunity for professional advancement. The Buddhist clergy and student organizations remain passively resentful of the government's repressive measures, and the business community has been alienated and demoralized by the regime's assault on free enterprise. Almost all political detainees have been released since 1966, but their arrest and imprisonment after the 1962 coup and the subsequent banning of opposition political parties also aroused antipathy. Government control of the press, education, and other social activities has further alienated popular support. Nonetheless, there has been no appreciable coalescence of these discontented elements into a unified and activist opposition that could provide an immediate threat to the regime. And Ne Win sedulously cultivates and nurtures military support, and the army has remained loyal to his regime.

Structure and functioning of governmental system

Burma's constitution, although not formally abolished, has been ignored since the Ne Win regime came to power in 1962. Instead of the parliamentary system of government provided for in the constitution, authority is concentrated in the Revolutionary Council of 13 senior military officers, which established itself by edict as the supreme governing body. The council technically exercises executive, legislative, and judicial powers, but ultimate authority is held firmly by General Ne Win, who serves as Chairman of the Revolutionary Council.

The Council rules by decree and through an apparatus of control that is superimposed upon the constitutionally established organs of administration.

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All principal laws, decisions, and appointments are promulgated in the name of the Chairman of the Revolutionary Council. The Council does not meet on a regularly scheduled basis, and its sessions are neither publicized nor formalized by a specific routine. Ne Win promises periodically to return the government to civilian control, but has taken no meaningful steps in this direction and no specific plans have been made to reinstitute the electoral process.

The Council of Ministers is the principal link between the Revolutionary Council—to which it is subordinate—and the rest of the government and is responsible for the administrative machinery of government. It consists of 13 persons, including Ne Win as chairman and minister of national defense and 12 persons heading the other 22 ministries. All ministries are headed by senior military officers who are also members of the Revolutionary Council. The combination of portfolios held by a single individual is determined more by personal and political considerations than by administrative requirements and convenience. The senior permanent civil servant in each ministry is ordinarily ranked as ministerial secretary, although the position is sometimes held by a military officer; these secretaries collectively constitute the Secretariat. The ministerial secretaries meet occasionally to advise on administrative procedures and provide continuity which otherwise might be disrupted by ministerial changes. Various committees, usually consisting of high-ranking officers on detached duty, are also utilized to coordinate national policies. To ensure continuity of policy, most of these committees are duplicated at regional and local levels.

After the Ne Win regime came to power, it disbanded the Supreme Court and the High Court and replaced them with the new Chief Court of Burma, which exercises the powers and functions of its two predecessor courts and is the highest court of appeal. To lighten its burdens, criminal appeals were transferred to lower courts, and jurisdiction of the Rangoon City Civil Court was enlarged to include some civil cases formerly handled by the High Court. The Revolutionary Council also introduced a system of inferior courts. These include Courts of Appeal, Special Criminal Courts, and Primary People's Courts. The People's Courts handle misdemeanors and minor crimes formerly adjudicated by justices of the peace, as well as economic infractions. Judicial independence, at least in the Western sense, does not exist.

Political dynamics—parties and electoral system

When General Ne Win seized power in 1962, the constitution was ignored and old-line political leaders were swept aside and, arbitrarily

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imprisoned. The new elite were army officers and leftist intellectuals who provided government for, rather than by, the people. In the process, democratic institutions have fallen, the private enterprise system has been eroded, and a rapid transformation of the nation's economic life has been accomplished. That such revolutionary changes occurred without a cataclysmic rending of the nation may be attributed to the fact that popular participation in government remains an essentially alien concept in Burma. The average Burmese citizen concerns himself mainly with such parochial and personal matters as rising prices, the availability of consumer goods, and socioreligious observances.

The Burma Socialist Program Party (BSPP), or Lanzin Party, was created by the Revolutionary Council in mid-1962 to reconstruct the nation's political and socioeconomic life and to provide popular support for governmental programs. Opposition parties were permitted to function for a time but came under increasing pressures from the authorities. In March 1964, Ne Win finally banned all opposition parties and seized their property and records.

The relationship between the BSPP and government remains vague, but ostensibly the BSPP will eventually replace the Revolutionary Council as the Government of Burma. Ne Win, however, reportedly has given assurances to army officers suspicious of the BSPP that the locus of power will continue to be the armed forces, and the BSPP constitution itself states clearly that the Revolutionary Council constitutes the supreme authority during the party's transitional stage of development. Funds used to finance the BSPP are provided by the government, and BSPP divisional committees occasionally work with the regime's security and administrative committees in the implementation of government projects. Presumably only 24 persons have been admitted to full BSPP membership; significantly these include the members of the Revolutionary Council and a small number of cabinet members and party theoreticians. The two principal mass organizations of the party are the People's Workers Council and People's Peasants Council, both of which are financed by the government.

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Burma's national police force, called the People's Police Force (PPF), is organized along military lines and is hardly distinguishable from the regular armed forces. It performs regular police functions, but its responsibilities also include counterinsurgency and intelligence operations. The two basic components of the PPF are the Burma Civil Police, which in early 1969 had about 27,000 personnel and was responsible for maintaining order in all

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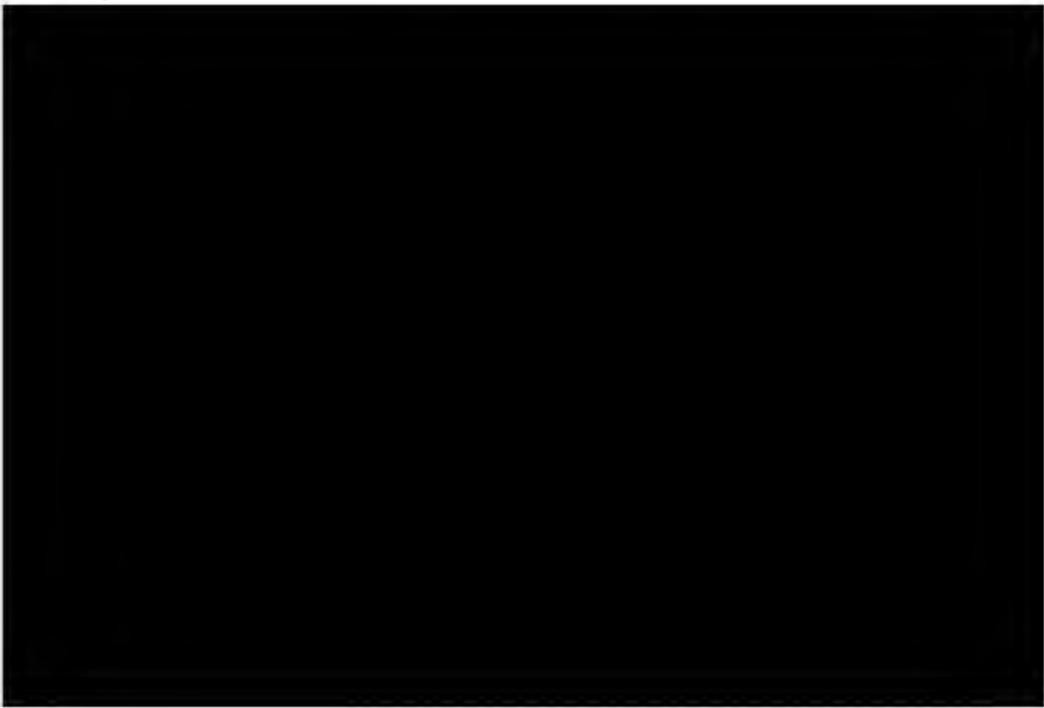
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areas outside of Rangoon, and the Rangoon City Police, which has about 3,700 men and is, in effect, an autonomous metropolitan force restricted to Rangoon and its environs.

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IV. SUBVERSION

Communist subversion

The Burmese Government has been plagued by Communist and ethnic insurgency since the attainment of independence in 1948. The insurgents, now estimated to number over 20,000 (some 13,000-17,000 ethnic and over 6,000 Communist insurgents), are maintaining continuous harassment against the Ne Win regime. They are taxing the resources of thinly spread government security forces, but they do not constitute an immediate and pressing threat to the government. This is attributed more to their own internal divisions and inability to form a united front against the government than it is to government capabilities.

The single most serious insurgent threat is posed by a heterogeneous Communist group affiliated with the Communist Party of Burma/White Flag (WF), which operates in the northeast along the Chinese border and receives some support and backing from Communist China. This force, called the Northeast Command and numbering about 4,000-5,000 men under the leadership of Kachin rebel Naw Seng, is a source of increasing anxiety to the government. Resuming their dry-season operations in February 1970, these units have inflicted fairly heavy losses on isolated government forces and have caused them to withdraw from some areas. Government forces recaptured some positions in late summer, but have not forced the Communists into significant withdrawals.

Some 2,500 White Flag Communists are operating from their traditionally established bases in central Burma. During the past year they have suffered severe losses in the Pegu Yomas and Irrawaddy Delta areas as a result of government security sweeps. The White Flag Communists are further weakened by personal feuds, ideological differences, and a lack of leadership since Than Tun, Secretary General of the organization since 1945, was assassinated by a disaffected Chin follower in September 1968.

White Flag units have cooperated with Karen insurgents since 1948 in ad hoc guerrilla operations, primarily in the Irrawaddy Delta. In 1959 the White Flags formalized their relations with the leftist Karens, organized into the Karen National United Party and led by Mahn Ba Zan, under the banner of the National Democratic United Front (NDUF). The NDUF also included representatives from the minuscule Chin and Kayah National Progressive Parties and the New Mon State Party. The NDUF was largely a paper organization until 1967, when for the first time mixed bands of Karens and Communists conducted joint operations in the Irrawaddy Delta as the

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NDUF. Following the victory of the Peking faction within the White Flag organization and the eruption of anti-Chinese disorders in Burma in mid-1967, some Karens reportedly ceased cooperating with the WF's. In late 1969 the number of leftist Karens was estimated at 750-1,500 men.

The Communist Party of Burma/Red Flag (RF), founded and still led by Thakin Soe, has remained an isolated minority group whose numbers by late 1969 had dwindled to a hard core of 150-300 armed insurgents. They are concentrated mainly in the Arakan and Chin Hills regions, but isolated small units are also active in the Mandalay and Irrawaddy Delta areas. Although the Red Flags traditionally are more militant and radical than the White Flag Communists, their capabilities have been weakened to a point where they constitute only a slight nuisance to the government.

Non-Communist subversion

The Karen National Defense Organization (KNDO) is the paramilitary arm of the Karens who favor independence for the now semiautonomous "State of Kawthule." Estimated to have about 4,000 men in mid-1968 and armed mainly with British and Japanese weapons from World War II, KNDO insurgency remains at a low level. The KNDO's over-all effectiveness as a guerrilla force is limited because of its small size, lack of adequate arms and equipment, internal rivalries and differences, and terrorist tactics by some individual units that divests them of badly needed local support.

In mid-1968, the Shans had an estimated 3,500-5,000 men, broken into several factions. The Shan dissidents, like most of Burma's ethnic minorities, are fighting for an autonomous state within a federated Union of Burma. Some efforts toward reconciliation were made between the insurgents and the Burmese Government following the Sino-Burmese rift in 1967, but little real progress has been made. The government now faces increased disaffection in the Shan State, where about half of the some 4,000-6,000 local militia, left the government service last October because of the arrest of one of their leaders. Although they have not resorted to all-out opposition to the government, national leaders have made no effort to placate these disaffected units.

Farther north along the Chinese border, Kachin insurgents continue to harry government positions in the countryside while avoiding open battle with Burmese military forces. Although basically a non-Communist ethnic minority group, some elements of the 3,500-man Kachin Independence Army (KIA) have received limited Chinese Communist arms aid. The KIA's

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effectiveness is impaired by chronic shortages of weapons and supplies and by some internal divisions, although these insurgents operate in favorable terrain, enjoy widespread local support, and maintain generally friendly relations with the Shan insurgent groups.

There are several other ethnic insurgent forces operating in Burma. These include about 3,000 Chinese Nationalist (Kuomintang) irregulars operating in the Burma-Thailand-Laos border areas, as well as small numbers of Mons, Arakanese, Chins, Pa-O, and others. An organization actively opposed to the Ne Win regime is based in Bangkok, but does not pose a serious threat to the Burmese Government. Led by former Prime Minister U Nu, the exile Parliamentary Democracy Party has considerably irritated the Ne Win government through its clandestine radiobroadcasts, but has not developed a significant military capability.